

**PUBLIC UTILITIES COMMISSION**

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298

September 30, 2019

Agenda ID #17764  
Ratesetting

## TO PARTIES OF RECORD IN APPLICATION 18-10-002:

This is the proposed decision of Administrative Law Judge (ALJ) Zhen Zhang, previously designated as the presiding officer in this proceeding. It is filed and served upon the service list to this proceeding as a courtesy only. It will appear on the October 10, 2019 Commission's agenda. This matter was categorized as ratesetting and is subject to Pub. Util. Code § 1701.3(c). Upon the request of any Commissioner, a Ratesetting Deliberative Meeting (RDM) may be held. If that occurs, the Commission will prepare and publish an agenda for the RDM 10 days beforehand. When the RDM is held, there is a related ex parte communications prohibition period. (See Rule 8.3(c)(4).)

When the Commission acts on the proposed decision, it may adopt all or part of it as written, amend or modify it, or set it aside and prepare its own decision. Only when the Commission acts does the decision become binding on the parties.

Pursuant to Rule 14.6(b), the period for public review and comment on the proposed decision is waived due to stipulation of all parties.

/s/ ANNE E. SIMON

Anne E. Simon

Chief Administrative Law Judge

AES:lil

Attachment

Decision \_\_\_\_\_

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Ednetics, Inc. for a Certificate of Public Convenience and Necessity to Provide Limited Facilities-Based and Resold Competitive Local Exchange Services in the Service Territories of Pacific Bell Telephone Company (AT&T), Citizens Telecommunications Company of California, Inc., Consolidated Communications of California and Frontier California, Inc., and Resold Interexchange Services Statewide.

Application 18-10-002

**DECISION GRANTING EDNETICS, INC. A  
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY  
IN ORDER TO PROVIDE: 1) LIMITED FACILITIES-BASED AND  
RESOLD COMPETITIVE LOCAL EXCHANGE SERVICES; AND 2) LIMITED  
FACILITIES-BASED AND RESOLD INTEREXCHANGE SERVICES**

**Summary**

Pursuant to Public Utilities Code Section 1001, we grant Ednetics, Inc. a certificate of public convenience and necessity to provide: 1) limited facilities-based and resold competitive local exchange services throughout the service territories of Pacific Bell Telephone Company (d/b/a AT&T California), Frontier California, Frontier Communications, and Consolidated Communications; and 2) limited facilities-based and resold interexchange

services statewide subject to the terms and conditions set forth in the Ordering Paragraphs.<sup>1</sup>

This proceeding is closed.

## **1. Background**

On October 3, 2018, Ednetics, Inc. (Ednetics), a corporation authorized to do business in California, filed for registration as an interexchange carrier telephone corporation pursuant to the Pub. Util. Code § 1013. Communications Division forwarded the application to the Administrative Law Judge (ALJ) Division and on December 28, 2018, the application was assigned to ALJ Zhen Zhang.

Ednetics proposes to provide interexchange services in California via high-speed data and Voice over Internet Protocol (VoIP) with resold last mile point-to-point private lines between collocation facilities and customers.<sup>2</sup> Ednetics also proposes to provide limited facilities-based and resold local exchange services throughout California in the service territories of Pacific Bell Telephone Company (d/b/a AT&T California), Frontier California, Frontier Communications, and Consolidated Communications.<sup>3</sup>

Ednetics' principal place of business is located at 971 South Clearwater Loop, Suite 1000, Post Falls, Idaho, 83854.

A prehearing conference (PHC) was held on January 24, 2019. At the PHC, the ALJ requested Ednetics file answers to inquiries on February 6, 2019. On

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<sup>1</sup> While this application was filed pursuant to Pub. Util. Code § 1013, an expedited and ministerial registration process, the determination it did not qualify for registration process and the assignment to an Administrative Law Judge removed it from the registration track. It has therefore been evaluated as a certificate of public convenience and necessity under § 1001.

<sup>2</sup> Response of Ednetics, Inc. to the Administrative Law Judge's Inquiry, Feb. 22, 2019, at 3.

<sup>3</sup> Amended Application at 1.

February 6, 2019, Ednetics filed *Response of Ednetics, Inc. to the Administrative Law Judge's Inquiry*.<sup>4</sup> The Response explained its intent to formally request a certificate of public convenience and necessity (CPCN) pursuant to Pub. Util. Code § 1001 and provided more details regarding Ednetics' services and the technologies and protocols it intends to use.<sup>5</sup> On February 12, 2019, the *Administrative Law Judge's Ruling Requesting Information* explained the financial showing necessary to receive a CPCN and ordered Ednetics to provide supplemental information. On February 22, 2019, Ednetics filed a second *Response of Ednetics, Inc. to the Administrative Law Judge's Inquiry*. On May 2, 2019, Ednetics requested leave to file an amended application for authority to provide resold local exchange services in addition to interexchange services. On July 23, 2019, the ALJ granted *Ednetics, Inc. Motion for Leave to File Amended Application for a Certification of Public Convenience and Necessity*.<sup>6</sup> On September 3, 2019, the *Administrative Law Judge's Ruling Changing Case Caption and Amending the July 23, 2019 Ruling* updated the case caption for clarity of documentation and to reflect Applicant's requests. On September 4, 2019, Ednetics filed an amended application.

No protests were filed in response to Ednetics' submissions.

## **2. Jurisdiction**

Pub. Util. Code § 216(a) defines the term "Public utility" to include a "telephone corporation," which in turn is defined in Pub. Util. Code § 234(a) as

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<sup>4</sup> Because the document was served and filed after 5 p.m. on February 6, the docket card indicates that the document was filed on February 7.

<sup>5</sup> Response of Ednetics, Inc. to the ALJ's Inquiry, February 6, 2019.

<sup>6</sup> Administrative Law Judge's Ruling Granting the Motion for Leave to File Amended Application by Ednetics, Inc., July 23, 2019.

“every corporation or person owning, controlling, operating, or managing any telephone line for compensation within this state.”

Ednetics proposes to provide high-speed data services and VoIP to educational and public sector customers who receive discounted services through the California Teleconnect Fund (CTF). Because the CTF discount for voice services was discontinued on July 1, 2019, Ednetics broadened its business plan.<sup>7</sup> In addition to proposing to provide interexchange services, Ednetics proposes to provide resold local exchange services.<sup>8</sup> Ednetics is a telephone corporation and a public utility subject to our jurisdiction.

Ednetics provided certification that it is a Common Carrier as defined by § 153 of the Federal Telecommunications Act of 1996 (Act) eligible to interconnect with the public switched telephone network pursuant to § 251 and § 252 of the Act, and that if granted a CPCN, it will operate as a telephone corporation under Pub. Util. Code § 234(a), and obey the Pub. Util. Code and all Commission rules, decisions, and orders applicable to telephone corporations.<sup>9</sup>

### **3. Limited Facilities-Based CPCN**

Ednetics states it does not intend to build or install facilities.<sup>10</sup> Ednetics will rely on existing leased equipment and structures of facilities-based carriers.<sup>11</sup> However, Ednetics does plan to install equipment in collocation facilities, which

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<sup>7</sup> Ednetics, Inc. Motion for Leave to File Amended Application for a Certificate of Public Convenience and Necessity, May 2, 2019, at 1.

<sup>8</sup> Amended Application at 1, 2.

<sup>9</sup> Response of Ednetics, Inc. to the Administrative Law Judge’s Inquiry, April 18, 2019, Verification and Sworn Statement on Behalf of Ednetics, Inc.

<sup>10</sup> Amended Application at 3; Response of Ednetics, Inc. to the Administrative Law Judge’s Inquiry, February 22, 2019, at 4.

<sup>11</sup> *Id.* at 6.

would be covered by limited facilities-based authority.<sup>12</sup> Although the application does not explicitly ask for limited facilities-based authorization, this application will be treated as a request for limited facilities-based authority. The treatment of Application 18-10-002 as a request for a limited facilities-based CPCN does not preclude Ednetics from filing an application at a later date to pursue a full facilities-based CPCN if Ednetics' business changes. Ednetics must not begin construction of facilities beyond those authorized by this decision until further approval is granted.

#### **4. California Environmental Quality Act (CEQA)**

Pursuant to CEQA<sup>13</sup> and Rule 2.4 of Commission's Rules of Practice and Procedure (Rules), the Commission acts as the designated lead agency to consider the environmental consequences of projects that are subject to our approval in order that adverse effects are avoided, alternatives are investigated, and environmental quality is restored or enhanced to the fullest extent possible. Since Ednetics states that it does not intend to construct any facilities other than equipment to be installed in existing buildings or structures, it can be seen with certainty that there is no possibility that granting this application will have an adverse impact upon the environment. Before it can construct facilities other than equipment to be installed in existing buildings or structures, Ednetics must file for additional authority, and submit to any necessary CEQA review.

We have previously determined that public convenience and necessity require that competition be allowed in the provision of competitive local exchange service, Rulemaking 95-04-043/Investigation 95-04-044. Granting this

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<sup>12</sup> *Id.* at 4.

<sup>13</sup> Public Resources Code § 21000 *et seq.*

application will benefit the public interest by expanding the availability of technologically advanced telecommunications services within the state.

## **5. Financial Qualifications**

To be granted a CPCN, an applicant for authority to provide limited facilities-based and resold competitive local exchange and interexchange services in California must demonstrate that it has a minimum of \$100,000 cash or cash equivalent, reasonably liquid and readily available to meet the firm's start-up expenses.<sup>14</sup> An applicant must also demonstrate that it has sufficient additional resources to cover all deposits required by local exchange carriers (LECs) and/or interexchange carriers in order to provide the proposed service.<sup>15</sup>

In the application, Ednetics provided required financial showing that \$100,000 would be available to Ednetics for at least one year following certification.<sup>16</sup> Since Ednetics has provided documentation that it possesses a minimum of \$100,000 that is reasonably liquid and available, it has demonstrated that it has sufficient funds to meet its start-up expenses and has fulfilled this requirement. The financial documentation will be subject to verification and review by the Commission for one year to ensure that such funds are available.

Although Ednetics states it does not owe or anticipate owing deposits to local exchange or interexchange carriers, it did not indicate whether it contacted

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<sup>14</sup> The financial requirement for Competitive Local Exchange Carriers is contained in Decision (D.) 95-12-056, Appendix C. The financial requirement for Non-Dominant Interexchange Carriers (NDIEC) is contained in D.91-10-041.

<sup>15</sup> The requirement for Competitive Local Carrier applicants to demonstrate that they have additional financial resources to meet any deposits required by underlying LECs and/or Interexchange Carriers is set forth in D.95-12-056, Appendix C. For NDIECs, the requirement is found in D.93-05-010.

<sup>16</sup> Response of Ednetics, Inc. to the Administrative Law Judge's Inquiry, Feb. 22, 2019, Exhibit B.

carriers and confirmed that deposits will not be required.<sup>17</sup> However, the financial documents submitted by Ednetics indicate operations funds and revenues with annual amounts adequate to cover deposits if necessary.<sup>18</sup> Therefore, Ednetics has demonstrated it has sufficient resources to cover deposits. The financial documentation will be subject to verification and review by the Commission for one year to ensure that such funds are available.

## **6. Technical Qualifications**

To be granted a CPCN for authority to provide limited facilities-based and resold competitive local exchange and interexchange services, an applicant must make a reasonable showing of managerial and technical expertise in telecommunications or a related business.

Ednetics supplied biographical information of its management in Attachment 4 of the October 3, 2018 *Application for Registration License*. Ednetics has demonstrated it has sufficient expertise and training to operate as a telecommunications provider.

In the October 3, 2018 *Application for Registration License*, Ednetics verified that no one associated with or employed by Ednetics as an affiliate, officer, director, partner, or owner of more than ten percent of Ednetics, or anyone acting in a management capacity for Ednetics:

- a) held one of these positions with a company that filed for bankruptcy;
- b) been personally found liable, or held one of these positions with a company that has been found liable, for fraud,

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<sup>17</sup> *Id.* at 7.

<sup>18</sup> Application for Registration License, October 3, 2018, Attachment 6.



- dishonesty, failure to disclose, or misrepresentations to consumers or others;
- c) been convicted of a felony;
  - d) been (to his/her knowledge) the subject of a criminal referral by judge or public agency;
  - e) had a telecommunications license or operating authority denied, suspended, revoked, or limited in any jurisdiction;
  - f) personally entered into a settlement, or held one of these positions with a company that has entered into settlement of criminal or civil claims involving violations of §§ 17000 *et seq.*, §§ 17200 *et seq.*, or §§ 17500 *et seq.* of the California Business & Professions Code, or of any other statute, regulation, or decisional law relating to fraud, dishonesty, failure to disclose, or misrepresentations to consumers or others;
  - g) been found to have violated any statute, law, or rule pertaining to public utilities or other regulated industries; or
  - h) entered into any settlement agreements or made any voluntary payments or agreed to any other type of monetary forfeitures in resolution of any action by any regulatory body, agency, or attorney general.<sup>19</sup>

Also, to the best of Ednetics' knowledge, neither Ednetics, or any affiliate, officer, director, partner, nor owner of more than ten percent of Ednetics, or any person acting in such capacity whether or not formally appointed, is being, or has been investigated by the Federal Communications Commission (FCC) or any law enforcement or regulatory agency for failure to comply with any law, rule or order.<sup>20</sup>

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<sup>19</sup> These certifications are required by D.13-05-035, Ordering Paragraph 14.

<sup>20</sup> *Id.*

For the above reasons, we find that Ednetics is in compliance with the requirements of D.13-05-035.

## **7. Tariffs**

Ednetics requests detariffed status because it will not offer service to residential customers or basic local enhance service.<sup>21</sup> Ednetics will only offer services to commercial and enterprise customers.<sup>22</sup> Accordingly, Ednetics may be exempt from the requirement to file tariffs provided that Ednetics complies with the consumer protection rules identified in D.98-08-031.

## **8. Map of Service Territory**

To be granted a CPCN for authority to provide competitive local exchange service, an applicant must provide a map of the service territories it proposes to serve.<sup>23</sup> Ednetics provided *Exhibit A*, which depicts the location of its proposed service territory, in compliance with this requirement.<sup>24</sup>

## **9. Expected Customer Base**

Ednetics provided its estimated customer base for the first and fifth years of operation. Ednetics anticipates approximately two customers during the first year and 14 customers during the fifth year.<sup>25</sup> Therefore, Ednetics has complied with this requirement.

## **10. Request for Treatment as a Non-dominant Carrier**

Ednetics requests treatment as a non-dominant interexchange carrier, which would include exemption from the requirements of Pub. Util.

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<sup>21</sup> Response of Ednetics, Inc. to the Administrative Law Judge's Inquiry, Feb. 22, 2019, at 7.

<sup>22</sup> *Id.*

<sup>23</sup> D.95-12-056 at Appendix C, Rule 4.E.

<sup>24</sup> Amended Application, Exhibit A.

<sup>25</sup> *Id.* at 8.

Code §§ 816 - 830 concerning stocks and security and § 851 concerning the encumbrance and transfer of utility property.<sup>26</sup> While the Commission has granted exemption from §§ 816 - 830 to others, exemption from §§ 851 - 854 is not commonly granted and an exception is not warranted here. The Commission detailed its rules regarding exemption of non-dominant carriers in D.85-01-008, and subsequently modified in D.85-07-081 and D.85-11-044. Ednetics requests to provide service to the public sector, commercial and enterprise customers only. We grant Ednetics' request for non-dominant interexchange carrier status, which provides an exemption from Pub. Util. Code §§ 816-830 concerning stocks and security, provided that it follows all rules detailed in the above referenced decisions.

Ednetics also requests it be exempted from any requirement to maintain its books and records in accordance with the Uniform System of Accounts specified in Title 47 I.E. Part 32, consistent with D.99-02-038 regarding non-dominant interexchange carriers that are not part of an incumbent local exchange carrier.<sup>27</sup> Unlike the applicant in D.99-02-038, Ednetics does not provide specific reasons as to why it should not maintain its books and records in accordance with the Uniform System of Accounts. Ednetics does not identify what, if any, system it would use if it does not adhere to the Uniform System of Accounts. This decision denies the request.

#### **11. Rule 3.1(i) Statement**

Rule 3.1(i) sets forth the requirement that a utility filing an application

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<sup>26</sup> *Id.*, at 8 - 9.

<sup>27</sup> Response of Ednetics, Inc. to the Administrative Law Judge's Inquiry, February 22, 2019, at 8.

under Pub. Util. Code § 1001, provide a statement regarding GO 104-A, Section 2. Ednetics states that it has no proxy statements, SEC 10-Ks or annual reports to provide.<sup>28</sup>

## **12. Safety Considerations**

With the adoption of the *Safety Policy Statement of the California Public Utilities Commission* on July 10, 2014, the Commission has, among other things, heightened its focus on the potential safety implications of every proceeding. We have considered the potential safety implications here. The Commission is satisfied that Ednetics will meet the Commission's minimum safety goals and expectations as a provider of limited facilities-based and resold competitive local exchange and interexchange services in California because: (1) Ednetics has taken steps to meet the financial requirements as set forth in this decision for a facilities-based resold competitive local exchange and interexchange carrier, and (2) Ednetics is a public utility that is required pursuant to Pub. Util. Code § 451 to "... furnish and maintain such adequate, efficient, just and reasonable service, instrumentalities, equipment, and facilities, including telephone facilities ... as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public."

## **13. Conclusion**

We conclude that the application conforms to our rules for certification as a competitive local exchange and interexchange carrier. Accordingly, we grant Ednetics a CPCN to provide: 1) limited facilities-based and resold competitive local exchange services throughout the service territories of Pacific Bell Telephone Company (d/b/a AT&T California), Frontier California, Frontier

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<sup>28</sup> *Id.* at 7.

Communications, and Consolidated Communications; and 2) limited facilities-based and resold interexchange services statewide subject to compliance with the terms and conditions set forth in the Ordering Paragraphs.

The CPCN granted by this decision provides benefits to Ednetics and corresponding obligations. Ednetics receives authority to operate in the prescribed service territory, and this authority enables Ednetics, pursuant to § 251 of the 1934 Communications Act, as amended by the Act (47 U.S.C. § 251), to interconnect with telecommunications carriers.<sup>29</sup>

In return, Ednetics is obligated to comply with all Pub. Util. Code provisions, Commission rules, General Orders, and decisions applicable to telephone corporations providing approved services. The applicable statutes, rules, General Orders, and decisions include, but are not limited to consumer protection rules, tariffing, and reporting requirements. Moreover, Ednetics is obligated to pay all Commission prescribed user fees and public purpose program surcharges as set forth in the Appendix B of this decision, to comply with CEQA, and to adhere to Pub. Util. Code § 451 which states that every public utility "...shall furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities, including telephone facilities, as defined in § 54.1 of the Civil Code, as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public."

#### **14. Request to File Under Seal**

Pursuant to Rule 11.4, Ednetics has filed motions for leave to file confidential materials under seal in Attachment 6 of the October 3, 2018

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<sup>29</sup> The California Public Utilities Code uses the term "telephone corporation." Its counterpart in federal law is a "telecommunications carrier."

*Application for Registration License* and Exhibit B of the February 22, 2019 *Response of Ednetics, Inc. to the Administrative Law Judge's Inquiry*. Ednetics represents that the information is sensitive, and disclosure could place Ednetics at an unfair business disadvantage. We have granted similar requests in the past and do so here.

#### **15. Categorization and Need for Hearings**

In Resolution ALJ 176-3425, dated October 11, 2018, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that an evidentiary hearing (EH) was unnecessary. On January 24, 2019, the assigned ALJ held a PHC. On March 8, 2019, the assigned Commissioner issued a scoping memo confirming categorization as ratesetting and stating an EH was not required. Accordingly, an EH was not held.

#### **16. Waiver of Comment Period**

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Pub. Util. Code § 311(g)(2) and Rule 14.6(c)(2), the otherwise applicable 30-day period for public review and comment is waived.

#### **17. Assignment of Proceeding**

Liane M. Randolph is the assigned Commissioner and Zhen Zhang is the assigned ALJ in this proceeding.

#### **Findings of Fact**

1. Ednetics is a telephone corporation and a public utility as defined in Pub. Util. Code § 234(a) and § 216(a).
2. Ednetics will not construct any facilities other than equipment to be installed in existing buildings or structures.

3. Ednetics' authority to provide telecommunications services will not have a significant adverse effect upon the environment.

4. Ednetics has a minimum of \$100,000 of cash or cash equivalent that is reasonably liquid and readily available to meet its start-up expenses.

5. Ednetics has provided financial documents to show financial resources adequate to cover deposits if necessary.

6. Ednetics' management possesses sufficient experience, knowledge, and technical expertise to provide local exchange services and interexchange services to the public.

7. No one associated with or employed by Ednetics as an affiliate, officer, director, partner, agent, or owner (directly or indirectly) of more than ten percent of Ednetics, or anyone acting in a management capacity for Ednetics: (a) held one of these positions with a company that filed for bankruptcy; (b) been personally found liable, or held one of these positions with a company that has been found liable, for fraud, dishonesty, failure to disclose, or misrepresentations to consumers or others; (c) been convicted of a felony; (d) been the subject of a criminal referral by judge or public agency; (e) had a telecommunications license or operating authority denied, suspended, revoked, or limited in any jurisdiction; (f) personally entered into a settlement, or held one of these positions with a company that has entered into settlement of criminal or civil claims involving violations of §§ 17000 *et seq.*, §§ 17200 *et seq.*, or §§ 17500 *et seq.* of the California Business & Professions Code, or of any other statute, regulation, or decisional law relating to fraud, dishonesty, failure to disclose, or misrepresentations to consumers or others; (g) been found to have violated any statute, law, or rule pertaining to public utilities or other regulated industries; or (h) entered into any settlement agreements or made any voluntary payments or

agreed to any other type of monetary forfeitures in resolution of any action by any regulatory body, agency, or attorney general.

8. To the best of Ednetics' knowledge, neither Ednetics, or any affiliate, officer, director, partner, nor owner of more than ten percent of Ednetics, or any person acting in such capacity whether or not formally appointed, is being, or has been investigated by the FCC or any law enforcement or regulatory agency for failure to comply with any law, rule or order.

9. Ednetics requested and is eligible for exemption from tariffing requirements and must observe the consumer protection rules adopted in D.98-08-031.

10. Ednetics provided an estimate of its customer base for the first and fifth year of operation.

11. Pursuant to Rule 11.4, Ednetics filed motions for leave to file confidential materials under seal Attachment 6 of the October 3, 2018 *Application for Registration License* and Exhibit B of the February 22, 2019 *Response of Ednetics, Inc. to the Administrative Law Judge's Inquiry*.

### **Conclusions of Law**

1. Ednetics should be granted a CPCN to provide: 1) limited facilities-based and resold competitive local exchange services throughout the service territories of Pacific Bell Telephone Company (d/b/a AT&T California), Frontier California, Frontier Communications, and Consolidated Communications; and 2) limited facilities-based and resold interexchange services statewide subject to the terms and conditions set forth in the Ordering Paragraphs.

2. Ednetics, once granted a CPCN, should be subject to the applicable Commission rules, decisions, General Orders, and statutes that pertain to California public utilities.



3. Ednetics should be granted an exemption from the requirement to file tariffs.

4. Ednetics' motions to file under seal Attachment 6 of the October 3, 2018 *Application for Registration License* and Exhibit B of the February 22, 2019 *Response of Ednetics, Inc. to the Administrative Law Judge's Inquiry* should be granted for three years.

5. Ednetics should be granted non-dominant carrier status, subject to Commission rules and regulations as detailed in D.85-01-008 and modified in D.85-07-081 and D.85-11-044.

## O R D E R

### IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Ednetics, Inc. to provide: 1) limited facilities-based and resold competitive local exchange services throughout the service territories of Pacific Bell Telephone Company (d/b/a AT&T California), Frontier California, Frontier Communications, and Consolidated Communications; and 2) limited facilities-based and resold interexchange services statewide subject to the terms and conditions set forth below.

2. The corporate identification number assigned to Ednetics, Inc., U7361C, must be included in the caption of all original filings with this Commission, and in the titles of other pleadings filed in existing cases.

3. Ednetics, Inc. must file, in this docket, a written acceptance of the certificate granted in this proceeding within 30 days of the effective date of this decision. Written acceptance filed in this docket does not reopen the proceeding.

4. The certificate granted by this decision will expire if not exercised within 12 months of the effective date of this decision.

5. Ednetics, Inc. must obtain a performance bond of at least \$25,000 in accordance with Decision 13-05-035. The performance bond must be a continuous bond (*i.e.*, there is no termination date on the bond) issued by a corporate surety company authorized to transact surety business in California, and the Commission must be listed as the obligee on the bond. Within five days of acceptance of its certificate of public convenience and necessity authority, Ednetics, Inc. must submit a Tier-1 advice letter to the Communications Division, containing a copy of the license holder's executed bond, and submit a Tier-1 advice letter annually, but not later than March 31, with a copy of the executed bond.

6. Ednetics, Inc. must not allow its performance bond to lapse during any period of its operation. Pursuant to Decision 13-05-035, the Commission may revoke a certificate of public convenience and necessity if a carrier is more than 120 days late in providing the Communications Division a copy of its executed performance bond and the carrier has not been granted an extension of time by the Communications Division.

7. In addition to all the requirements applicable to limited facilities-based and resold interexchange carriers included in Attachments B, C, and D to this decision, Ednetics, Inc. is subject to the Consumer Protection Rules contained in General Order (GO) 168, and all applicable Commission rules, decisions, GOs, and statutes that pertain to California public utilities.

8. Ednetics, Inc. must pay the public purpose program surcharges specified in Attachment B, and the Combined California Public Utilities Commission Telephone Surcharge Transmittal Form must be submitted even if the amount due is \$0.

9. Ednetics, Inc. must pay an annual minimum user fee of \$100 or 0.34 percent of gross intrastate revenue, whichever is greater. Under Public Utilities Code Section 405, carriers that are in default of reporting and submitting user fees for a period of 30 days or more will be subject to penalties including suspension or revocation of their authority to operate in California.

10. Prior to initiating service, Ednetics, Inc. must provide the Commission's Consumer Affairs Branch with the name(s), address(es), and telephone number(s) of its designated contact person(s) for purposes of resolving consumer complaints. This information must be updated if the name(s), address(es), or telephone number(s) change, or at least annually.

11. Prior to initiating service, Ednetics, Inc. must provide the Commission's Communications Division with the name(s), address(es), and telephone number(s) of its designated regulatory/official contact person(s). This information must be provided electronically, using the "Regulatory/Official Contact Information Update Request" found at <http://www.cpuc.ca.gov/communications>. This information must be updated if the name or telephone number changes, or at least annually.

12. Ednetics, Inc. must submit an affiliate transaction report to the Director of the Communications Division, by e-mail to [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov), in compliance with Decision 93-02-019, on a calendar year basis with the information described in Attachment D.

13. Ednetics, Inc. must submit an annual report to the Director of the Communications Division, by e-mail to [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov), in compliance with General Order 104-A, on a calendar-year basis with the information contained in Attachment C to this decision.

14. Ednetics, Inc. must not construct any facilities other than equipment installed in existing buildings or structures.

15. Ednetics, Inc.'s motions for leave to file confidential materials under seal Attachment 6 of the October 3, 2018 *Application for Registration License* and Exhibit B of the February 22, 2019 *Response of Ednetics, Inc. to the Administrative Law Judge's Inquiry* are granted for a period of three years after the date of this decision. During this three-year period, this information shall not be publicly disclosed except on further Commission order or Administrative Law Judge ruling. If Ednetics believes that it is necessary for this information to remain under seal for longer than three years, Ednetics, Inc. may file a new motion showing good cause for extending this order by no later than 30 days before the expiration of this order.

16. Application 18-10-002 is closed.

This decision is effective today.

Dated \_\_\_\_\_, at San Francisco, California.

**ATTACHMENT A**  
**TARIFF DEFICIENCIES**

**This Attachment is Intentionally Left Blank**

**(END OF ATTACHMENT A)**

**ATTACHMENT B****REQUIREMENTS APPLICABLE TO COMPETITIVE LOCAL EXCHANGE CARRIERS AND INTEREXCHANGE CARRIERS**

1. Applicant must file, in this docket with reference to this decision number,<sup>1</sup> a written acceptance of the certificate granted in this proceeding within 30 days of the effective date of this order.

2. The certificate granted and the authority to render service under the rates, charges, and rules authorized will expire if not exercised within 12 months of the date of this decision.

3. Applicant is subject to the following fees and surcharges that must be regularly remitted. Per the instructions in Exhibit E to Decision (D.) 00-10-028, the Combined California PUC Telephone Surcharge Transmittal Form must be submitted even if the amount due is \$0.

- a. The Universal Lifeline Telephone Service Trust  
Administrative Committee Fund (Pub. Util. Code § 879);
- b. The California Relay Service and Communications Devices  
Fund (Pub. Util. Code § 2881; D.98-12-073);
- c. The California High Cost Fund-A (Pub. Util. Code § 739.3;  
D.96-10-066, at 3-4, App. B, Rule 1.C);
- d. The California High Cost Fund-B (D.96-10-066, at 191,  
App. B, Rule 6.F.; D.07-12-054);
- e. The California Advanced Services Fund (D.07-12-054);
- f. The California Teleconnect Fund (D.96-10-066, at 88,  
App. B, Rule 8.G).
- g. The User Fee provided in Pub. Util. Code §§ 431-435. The  
minimum annual User Fee is \$100, as set forth in  
D.13-05-035.

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<sup>1</sup> Written acceptance filed in this docket does not reopen the proceeding.

Note: These fees change periodically. In compliance with Resolution T-16901, December 2, 2004, Applicant must check the joint tariff for surcharges and fees filed by Pacific Bell Telephone Company (dba AT&T California) and apply the current surcharge and fee amounts in that joint tariff on end-user bills until further revised. Current and historical surcharge rates can be found at

<http://www.cpuc.ca.gov/General.aspx?id=1124>.

- i. Carriers must report and remit CPUC telephone program surcharges online using the CPUC Telecommunications and User Fees Filing System (TUFFS). Information and instructions for online reporting and payment of surcharges are available at <http://www.cpuc.ca.gov/General.aspx?id=1010>. To request a user ID and password for TUFFS online filing and for questions, please e-mail [Telcosurcharge@cpuc.ca.gov](mailto:Telcosurcharge@cpuc.ca.gov).
- ii. Carriers must submit and pay the PUC User Fee (see Item 3.g above) upon receiving the User Fee statement sent by the Commission Instructions for reporting and filing are available at <http://www.cpuc.ca.gov/General.aspx?id=1009>. Please send an email to [userfees@cpuc.ca.gov](mailto:userfees@cpuc.ca.gov) for additional questions regarding User Fee reporting and payment.

4. If Applicant is a competitive local exchange carrier (CLEC), the effectiveness of its future tariffs is subject to the requirements of General Order 96-B and the Telecommunications Industry Rules (D.07-09-019).

5. If Applicant is a non-dominant interexchange carrier (NDIEC), the effectiveness of its future NDIEC tariffs is subject to the requirement of General Order 96-B and the Telecommunications Industry Rules (D.07-09-019).

6. Tariff filings must reflect all fees and surcharges to which Applicant is subject, as reflected in Item 3 above.

7. Applicant must obtain a performance bond of at least \$25,000 in accordance with D.13-05-035. The performance bond must be a continuous bond (i.e., there is no termination date on the bond) issued by a corporate surety company authorized to transact surety business in California, and the Commission must be listed as the obligee on the bond. Within five days of acceptance of its certificate of public convenience and necessity authority, Applicant must submit a Tier-1 advice letter to the Communications Division, containing a copy of the license holder's executed bond, and submit a Tier-1 advice letter annually, but not later than March 31, with a copy of the executed bond.

8. Applicant must not allow its performance bond to lapse during any period of its operation. Pursuant to D.13-05-035, the Commission may revoke a certificate of public convenience and necessity if a carrier is more than 120 days late in providing the Communications Division a copy of its executed performance bond and the carrier has not been granted an extension of time by the Communications Division.

9. Applicants providing local exchange service must submit a service area map as part of their initial tariff to the Communications Division.

10. Prior to initiating service, Applicant must provide the Commission's Consumer Affairs Branch with the name(s), address(es), and telephone number(s) of its designated contact person(s) for purposes of resolving consumer complaints. This information must be updated if the name(s), address(es), and telephone number(s) change, or at least annually.

11. In addition, Applicant must provide the Commission's Communications Division with the name(s), address(es), and telephone number(s) of its designated regulatory/official contact persons(s). This information must be



provided electronically, using the “Regulatory/Official Contact Information Update Request” found at <http://www.cpuc.ca.gov/communications>. This information must be updated if the name(s), address(es), and telephone number(s) change, or at least annually.

12. Applicant must notify the Director of the Communications Division, in writing submitted by email to [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov), no later than five days after service first begins, of the date that local exchange service is first rendered to the public.

13. Applicant must keep its books and records in accordance with the Generally Accepted Accounting Principles.

14. In the event Applicant’s books and records are required for inspection by the Commission or its staff, it must either produce such records at the Commission’s offices or reimburse the Commission for the reasonable costs incurred in having Commission staff travel to its office.

15. Applicant must submit an annual report to the Director of the Communications Division at [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov), in compliance with GO 104-A, on a calendar-year basis with the information contained in Attachment C to this decision.

16. Applicant must submit an affiliate transaction report to the Director of the Communications Division at [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov), in compliance with D.93-02-019, on a calendar-year basis using the form contained in Attachment D.

17. Applicant must ensure that its employees comply with the provisions of Pub. Util. Code § 2889.5 regarding solicitation of customers.

18. Within 60 days of the effective date of this order, Applicant must comply with Pub. Util. Code § 708, Employee Identification Cards, and notify the

Director of the Communications Division of its compliance in writing, by email to [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov).

19. If Applicant is 90 days or more late in submitting an annual report, or in remitting the surcharges and fee listed in #3 above, and has not received written permission from the Communications Division to file or remit late, the Communications Division must prepare for Commission consideration a resolution that revokes Applicant's CPCN.

20. Applicant is exempt from Rule 3.1(b) of the Commission's Rules of Practice and Procedure.

21. Applicant is exempt from Pub. Util. Code §§ 816-830.

22. If Applicant decides to discontinue service or file for bankruptcy, it must immediately notify the Communications Division's Bankruptcy Coordinator.

23. Applicant must send a copy of this decision to concerne local permitting agencies no later than 30 days from the date of this order.

**(END OF ATTACHMENT B)**

**ATTACHMENT C****ANNUAL REPORT**

An original and a machine readable, copy using Microsoft Word or compatible format must be submitted to the California Public Utilities Commission, State Office Building, 505 Van Ness Avenue, San Francisco, CA 94102-3298, no later than March 31st of the year following the calendar year for which the annual report is submitted. In addition, an electronic copy of the report must be emailed to [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov).

Failure to submit this information on time may result in a penalty as provided for in Pub. Util. Code §§ 2107 and 2108.

Required information:

1. Exact legal name and U # of the reporting utility.
2. Address.
3. Name, title, address, and telephone number of the person to be contacted concerning the reported information.
4. Name and title of the officer having custody of the general books of account and the address of the office where such books are kept.
5. Type of organization (e.g., corporation, partnership, sole proprietorship, etc.).
  - If incorporated, specify:
    - a. Date of filing articles of incorporation with the Secretary of State.
    - b. State in which incorporated.
6. Number and date of the Commission decision granting the Certificate of Public Convenience and Necessity.
7. Date operations were begun.
8. Description of other business activities in which the utility is engaged.
9. List of all affiliated companies and their relationship to the utility. State if affiliate is a:
  - a. Regulated public utility.
  - b. Publicly held corporation.

10. Balance sheet as of December 31st of the year for which information is submitted.
11. Income statement for California operations for the calendar year for which information is submitted.
12. Cash Flow statement as of December 31st of the calendar year for which information is submitted, for California operations only.

For any questions concerning this report, please send an email to [cdcompliance@cpuca.ca.gov](mailto:cdcompliance@cpuca.ca.gov) with a subject line that includes: "CD Annual Reports."

**(END OF ATTACHMENT C)**

**ATTACHMENT D****CALENDAR YEAR AFFILIATE TRANSACTION REPORT**

An original and a machine readable, copy using Microsoft Word and Excel, or compatible format must be submitted to the California Public Utilities Commission, Communications Division, 505 Van Ness Avenue, San Francisco, CA 94102-3298, no later than May 1st of the year following the calendar year for which the annual report is submitted. In addition, an electronic copy of the report must be emailed to [cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov).

1. Each utility must list and provide the following information for each affiliated entity and regulated subsidiary that the utility had during the period covered by the Annual Affiliate Transaction Report.

- Form of organization (e.g., corporation, partnership, joint venture, strategic alliance, etc.);
- Brief description of business activities engaged in;
- Relationship to the utility (e.g., controlling corporation, subsidiary, regulated subsidiary, affiliate);
- Ownership of the utility (including type and percent ownership)
- Voting rights held by the utility and percent; and
- Corporate officers.

2. The utility must prepare and submit a corporate organization chart showing any and all corporate relationships between the utility and its affiliated entities and regulated subsidiaries in #1 above. The chart must have the controlling corporation (if any) at the top of the chart, the utility and any subsidiaries and/or affiliates of the controlling corporation in the middle levels of the chart, and all secondary subsidiaries and affiliates (e.g., a subsidiary that in turn is owned by another subsidiary and/or affiliate) in the lower levels. Any regulated subsidiary must be clearly noted.

3. For a utility that has individuals who are classified as “controlling corporations” of the competitive utility, the utility must only report under the requirements of #1 and #2 above any affiliated entity that either (a) is a public utility or (b) transacts any business with the utility filing the annual report excluding the provision of tariff services.

4. Each annual report must be signed by a corporate officer of the utility stating under penalty of perjury under the laws of the State of California (CCP 2015.5) that the annual report is complete and accurate with no material omissions.

5. Any required material that a utility is unable to provide must be reasonably described and the reasons the data cannot be obtained, as well as the efforts expended to obtain the information, must be set forth in the utility’s Annual Affiliate Transaction Report and verified in accordance with Section I-F of Decision 93-02-019.

6. Utilities that do not have affiliated entities must submit, in lieu of the annual transaction report, an annual statement to the Commission stating that the utility had no affiliated entities during the report period. This statement must be signed by a corporate officer of the utility, stating under penalty of perjury under the laws of the State of California (CCP 2015.5) that the annual report is complete and accurate with no material omissions.

For any questions concerning this report, please send an email to [cdcompliance@cpuca.ca.gov](mailto:cdcompliance@cpuca.ca.gov) with a subject line that includes: “CD Annual Reports.”

**(END OF ATTACHMENT D)**